

Exhibit 5



USAID | KENYA

FROM THE AMERICAN PEOPLE

December 31, 2005

Mr. Charles Thube
Pathfinder International
Mezzanine Floor, International House
Mama Ngina Street
P.O. box 48147-00100
Nairobi, Kenya

Subject: **Cooperative Agreement** **623-A-00-06-00013-00**

Dear Mr. Thube:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to Pathfinder International (hereinafter referred to as "Pathfinder" or "Recipient"), the sum of \$2,570,800 to provide support for the implementation of the "COPHA II", as described in Attachment 1, entitled "Schedule" and in Attachment 2, entitled "Program Description" of this award.

This award is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with an Effective Date of same date as this letter and Estimated Completion Date of August 30, 2006. USAID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

This award is made to Pathfinder on condition that the funds will be administered in accordance with the terms and conditions as set forth in 22 CFR 226, entitled "Administration of Assistance Awards to U.S. NonGovernmental Organizations"; Attachment 1, entitled "Schedule", and Attachment 2, entitled "Program Description" and "The Mandatory and Required As Applicable Standard Provisions", Attachment 3.

U.S. Agency for International Development
USAID Kenya
P.O. Box 629
Village Market 00621
Nairobi, Kenya

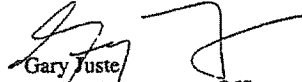
Courier Address:
USAID/Kenya
ICIPE Complex
Kasarani Road
Nairobi, Kenya

U.S. Postal Address:
USAID Kenya
Unit 64102
APO AE 09831-4102

Tel: 254-20-862400/02
Fax: 254-20-860870/949
www.usaidkenya.org

In the space provided below, please sign the original and each copy of this letter to acknowledge your acceptance of this award and return the original and all but one copy to the Agreement Officer.

Sincerely,


 Gary Juste
 Regional Agreement Officer
 USAID/REDSO/EAA

Attachments:

1. Schedule
2. Program Description

The terms of this Agreement are acceptable to the Recipient:

BY: Charles Kumbi
 TITLE: Country Representative
 DATE: January 3, 2006

ACCOUNTING AND APPROPRIATION DATA

A. GENERAL

1. Total Estimated Amount:	\$ 2,570,800.
2. Total Program Amount:	\$ 2,570,800.
3. Total Obligated Amount:	\$ 1,275,000
4. Total Unobligated Amount:	\$ 1,295,800.
5. Activity:	COPHA II
6. USAID Technical Office Address:	REDSO/ESA/OPH
7. Tax I.D. Number:	52-023-5320
8. DUNS No.:	06215-7045
9. LOC Number:	72-00-1347

B. SPECIFIC

1. MAARD Number:	615-0003-3-40055
2. Fund Account:	GGAX-05-21615-1G13
3. Approp:	72-19X1030
4. CTL#:	V550484
5. Amount Obligated:	\$ 1,275,000..

Funds Available	
CONT/KENYA	
Initials	<u>CSK</u>
Date	<u>12/30/05</u>

A.5. REPORTING AND EVALUATION**1. PROGRAM REPORTING**

(1) Not later than 60 days after the effective date of this Agreement, the Recipient shall submit to the USAID Cognizant Technical Officer an electronic draft of the annual work plan covering the first year of this Agreement, delineated by quarterly periods. The first annual work plan shall include the first-year indicators and benchmarks which the Recipient proposes to utilize to measure and monitor progress toward achievement of results, as reflected in, and consistent with, the Monitoring and Evaluation plan. USAID will review the draft first-year work plan and provide comments/ suggestions within 30 days of receipt. The Recipient shall then submit one electronic copy of the final first-year work plan to the USAID Cognizant Technical Officer for approval not later than 15 days from receipt of USAID's comments/suggestions. In the event that the Recipient receives no comments/suggestions from the CTO within 30 calendar days from the submission of the draft first-year work plan, the work plan shall be considered approved. The Recipient shall also submit one electronic copy of the final first-year work plan to the Regional Agreement Officer.

(2) The Recipient shall submit one electronic copy of subsequent draft annual work plans to the USAID Cognizant Technical Officer not later than 60 days prior to the start of the next Agreement year. These subsequent annual work plans shall include updates of the performance indicators and benchmarks which the Recipient proposes to utilize in the coming year. The work plan shall be delineated by quarterly periods. USAID will review the draft annual work plan and provide comments/suggestions within 30 days of receipt. The Recipient shall then submit one electronic copy of the final annual work plan to the USAID Cognizant Technical Officer for approval not later than 15 days from receipt of USAID's comments/suggestions. In the event that the Recipient receives no comments/suggestions from the CTO within 30 days from the submission of the draft annual work plan, the work plan shall be considered approved. The Recipient shall also submit one electronic copy of the final annual work plan to the Agreement Officer.

(3) The Recipient shall submit one electronic copy of any significant work plan changes or revisions to the USAID Cognizant Technical Officer and Agreement Officer, and shall obtain the USAID Cognizant Technical Officer's approval prior to implementing or undertaking such changes or revisions.

(4) Annual work plans and changes/revisions thereto must be within the scope of the Program Description (Attachment 2) of this Associate Cooperative Agreement. Work plans and changes/revisions thereto shall describe activities to be conducted during the period at a greater level of detail than the Program Description, but shall not serve to change the Program Description in any way. Therefore, all work plans and changes/revisions thereto shall cross-reference the applicable section(s) in the Program Description. The Program Description shall take precedence over the work plans and any changes/revisions thereto, in the event of any conflicts or inconsistencies between the Program Description and the work plan and any changes/revisions thereto. Any changes to the Program Description must be approved by the Agreement Officer by means of a modification (amendment) to this Associate Cooperative Agreement.

(b) Monitoring and Evaluation Plan

(1) The Recipient shall submit one electronic copy of a draft Monitoring and Evaluation (M&E) plan to the USAID Cognizant Technical Officer not later than 60 days after the effective date of this Agreement. The M&E plan shall cover the full period of this Associate Cooperative Agreement and shall include, but not necessarily be limited to, the following: (1) the results to be achieved by the project; (2) the indicators to be used to measure achievement of the results; (3) the method of data collection to be used to obtain the indicator data; and (4) targets for each indicator by year. The Recipient may consult with the USAID Cognizant Technical Officer in the development of the M&E plan.

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(2) Performance monitoring shall focus on whether and to what extent objectives of the Recipient's program are being achieved. The recipient shall establish a performance monitoring system to regularly collect and analyze data which will enable it to track performance and objectively report on its progress in achieving the program results, as described in the Program Description. Performance monitoring plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection, and schedule of collection for all required data. The frequency of data collection, as well as the level of detail and degree of comparability of the data collected, shall be proposed by the Recipient and articulated in the monitoring and evaluation plan. NOTE: the data collection process for monitoring critical assumptions and results supported by the Recipient is generally not expected to be as rigorous or systematic as the data collection process for monitoring performance indicators of USAID's Strategic Objectives (SO.) However, the information collected must be at a level of detail and quality that insures that the SO Team has an accurate understanding of the Recipient's progress toward its results and whether each critical assumption continues to hold.

(3) Evaluation shall be used to ascertain why unexpected progress, positive or negative, is being made towards a planned result. When the performance monitoring system indicates that expected results are not being achieved, the Recipient shall seek to determine the reason, usually through the use of one or more evaluative activities. Evaluation shall also be used to explore issues related to sustainability and customer focus.

(4) USAID will review the draft M&E plan and provide comments/suggestions within 30 days of receipt. In the event that the Recipient receives no comments/suggestions from the CTO within 30 calendar days from the submission of the draft M&E plan, the plan shall be considered approved. The Recipient shall then submit one electronic copy of the final M&E plan to the USAID Cognizant Technical Officer for approval not later than 15 days from receipt of USAID's comments/suggestions.

(c) Quarterly Program Performance Reports

The Recipient shall submit one electronic copy of quarterly program performance reports to each of the following: 1) the USAID Cognizant Technical Officer, Dr. David Elkins; e-mail: delkins@usaid.gov and 2) the USAID Agreement Officer, Mr. Gary Juste; e-mail: gjuste@usaid.gov. In accordance with 22 CFR 226.51, due dates for these quarterly program performance reports are not later than 30 days after the end of each quarterly period. Reports shall be submitted by 1/31, 4/30, 7/31 and 10/31 each year. In the event that the Recipient receives no comments/suggestions from the CTO within 30 calendar days from the submission of quarterly report, the report shall be considered approved.

These reports shall include the information described in 22 CFR 226.51(d), to wit:

- (1) A comparison of actual accomplishments with the goals and objectives established for the period, the finding of the investigator, or both. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs;
- (2) Reasons why established goals were not met, if appropriate; and
- (3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(d) Notifications

The Recipient shall submit two (2) copies to the USAID Cognizant Technical Officer and one (1) copy to the Agreement Officer of notifications required by 22 CFR 226.51(f), to wit:

- (1) Developments which have a significant impact on the activities supported by this Award; and
- (2) Problems, delays, or adverse conditions which materially impair the ability to meet the objectives of this Associate Cooperative Agreement. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the problem.

(e) Final Report

The Recipient shall submit one copy of a final program performance report to each of the following: 1) the USAID Cognizant Technical Officer, Dr David Elkins, e-mail: delkins@usaid.gov; and 2) in electronic (preferred) or paper form of final documents to one of the following:

- (a) Via E-mail: docsubmit@dec.cdie.org ;
- (b) Via U.S. Postal Service:
Development Experience Clearinghouse,
8403 Colesville Road, Suite 210,
Silver Spring, MD 20910, USA;
- (c) Via Fax: (301) 588-7787; or
- (d) Online: <http://www.dec.org/index.cfm?fuseaction=docSubmit.home>.

In accordance with 22 CFR 226.51, the due date for the final program performance report is not later than 90 days after the estimated completion date of this Associate Cooperative Agreement, and shall be submitted concurrently with the final financial report described in Section E.1(c) above. The final report shall include the information described in 22 CFR 226.51(d) (see the quarterly program performance reports set forth above) covering the full period of this award. In the event that the Recipient receives no comments/suggestions from the CTO within 30 calendar days from the submission of the draft first-year work plan, the work plan shall be considered approved.

2. FINANCIAL REPORTING

In keeping with the requirements established in 22 CFR 226.52, the Recipient is required to submit the Cognizant/Grant Agreement Officer an original and two copies of financial expenditure and cost sharing reports quarterly. Financial Reports shall be in keeping with 22 CFR 226.52. Reports shall be submitted by 1/31, 4/30, 7/31 and 10/31 each year. Please note that USAID requests that the financial reports be submitted in hard copy rather than electronic format.

3. REPORTING OF FOREIGN TAXES

(a) Final and Interim Reports. The recipient must annually submit two electronic reports:

- (i) an interim report by November 17; and
- (ii) a final report by April 16 of the next year.

(b) Contents of Report. The reports must contain:

- (i) Contractor/recipient name.
- (ii) Contact name with phone, fax and email.
- (iii) Agreement number(s).
- (iv) Amount of foreign taxes assessed by a foreign government [each foreign government must be listed separately] on commodity purchase transactions valued at \$500 or more financed with U.S. foreign assistance funds under this agreement during the prior U.S. fiscal year.

(v) Only foreign taxes assessed by the foreign government in the country receiving U.S. assistance are to be reported. Foreign taxes by a third party foreign government are not to be reported. For example, if an assistance program for Lesotho involves the purchase of commodities in South Africa using foreign assistance funds, any taxes imposed by South Africa would not be reported in the report for Lesotho (or South Africa).

(vi) Any reimbursements received by the Recipient] during the period in (iv) regardless of when the foreign tax was assessed plus, for the interim report, any reimbursements on the taxes reported in (iv) received by the recipient through October 31 and for the final report, any reimbursements on the taxes reported in (iv) received through March 31.

(vii) The final report is an updated cumulative report of the interim report.

Associate Cooperative Agreement623-A-00-06-00013-00**II. Limitation on the Use of Funds**

The following must be included in the Standard Provisions of any grant or cooperative agreement or subagreement funded with FY04-FY08 HIV/AIDS funds with a U.S. nongovernmental organization, non-U.S., non-governmental organization or public international organizations.

“PROHIBITION ON THE PROMOTION OR ADVOCACY OF THE LEGALIZATION OR PRACTICE OF PROSTITUTION OR SEX TRAFFICKING (ASSISTANCE) (JUNE 2005)

(a) The U.S. Government is opposed to prostitution and related activities, which are inherently harmful and dehumanizing, and contribute to the phenomenon of trafficking in persons. None of the funds made available under this agreement may be used to promote or advocate the legalization or practice of prostitution or sex trafficking. Nothing in the preceding sentence shall be construed to preclude the provision to individuals of palliative care, treatment, or post-exposure pharmaceutical prophylaxis, and necessary pharmaceuticals and commodities, including test kits, condoms, and, when proven effective, microbicides.

(b) Except as noted in the second sentence of this paragraph, as a condition of entering into this agreement or any subagreement, a non-governmental organization or public international organization recipient/subrecipient must have a policy explicitly opposing prostitution and sex trafficking. The following organizations are exempt from this paragraph: the Global Fund to Fight AIDS, Tuberculosis and Malaria; the World Health Organization; the International AIDS Vaccine Initiative; and any United Nations agency.

(c) The following definition applies for purposes of this provision: Sex trafficking means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act. 22 U.S.C. 7102(9).

(d) The recipient shall insert this provision, which is a standard provision, in all subagreements.

(e) This provision includes express terms and conditions of the agreement and any violation of it shall be grounds for unilateral termination of the agreement by USAID prior to the end of its term.

(END OF STANDARD PROVISION)

(END OF ATTCHMENT THREE)